

BlackRock Model Portfolios' Silver Linings Playbook in Uncertain Markets



This month, Orion Communities welcomed eleven BlackRock model portfolio families, representing over 50 new investment strategies to the platform. Now, as advisors work to disarm some of their clients' concerns over post-election uncertainty, BlackRock's vast model options, in-depth intel, and a guiding investment principle can help instill greater investor control and confidence.

During election years, advisors need to respond to a variety of investor emotions. Some clients are ecstatic with election results, while others are discontent. Regardless of investor sentiment, BlackRock's wide variety of portfolio strategies helps advisors find a portfolio to fit every investor.

BlackRock's ESG ETF options provide greater control to clients who want to eliminate securities in their portfolios aligned with controversial activities such as fossil fuels, for-profit prisons, and weapons. On the other hand, incorporating ESG strategies also provide a window of opportunity for investors who may not be concerned with securities screening but want to capitalize on a new political agenda that will favor equities with sustainable investments.

Beyond BlackRock's vast ESG investing options, communicating a core guiding investment principle can help increase client confidence. Intel is paramount when you are responsible for over \$116B globally. BlackRock's Model Portfolio Solutions Team applies a disciplined process to their investment philosophy while diving into a robust well of information available from their proprietary risk-management technology, BlackRock's Aladdin, and the BlackRock Investment Institute (BII).

BlackRock's Aladdin makes timely and vital data accessible across all BlackRock's investment, trading, operations, risk, compliance, and corporate oversight teams, driving informed decision-making and effective risk management. BII delivers first-hand macroeconomic insights from discussions with policy-makers, CEOs, and investors globally. While the Model Portfolio Solutions Team implements portfolio strategies with stated target asset allocations, a core guiding principle allows for a maximum deviation of plus or minus 5% to capitalize on macroeconomic conditions, identified with Aladdin's data and BII's insight.

Once the Model Portfolio Solutions Team identifies a silver lining, they quickly implement their playbook and capitalize on opportunities. While quarterly trading is planned, the team can make tactical decisions to initiate additional trading or delay quarterly trade execution. Here are a few examples.

- **Mid 2017** — Alerted by the U.S. Public Policy team that President Trump's proposed tax law was indeed likely to pass Congress, a shift was made to max overweight in equities.
- **Spring 2019** — A team of former central bankers and Fed economists provided insights that further encouraged the team to add duration.
- **Summer 2019** — White House trade advisor insights implied U.S./China tariff negotiations were progressing better than the market appreciated, halting an intra-quarter trade execution.

Providing clients with options and additional insight into how investment management decisions are made helps alleviate panic and concern. Learn more about BlackRock's Model Portfolio Solutions. Access an abundance of valuable resources, including an on-demand webinar with a BlackRock Model Strategist, election resources, Advisor 2020 Insights, and more!

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